

REMARKS

Pursuant to 37 C.F.R. § 1.111(a)(2), Applicants respectfully request entry of this Supplemental Amendment.

An Amendment was filed on September 17, 2007 in response to a non-final office action mailed from the U.S. Patent and Trademark Office on March 16, 2007. Subsequently on October 4, 2007, the undersigned attorney for the Applicants conducted a telephonic interview with Examiner Chandler and Examiner Patel regarding claims 1 and 45 in view of Kaminsky. This Supplemental Amendment amends the claims of the present application according to suggestions from the Examiners to place the claims in condition for allowance.

Claims 1-25 and 45-69 stand rejected. Claims 1-15, 17-25, 45-59 and 61-69 are now amended. Claims 16, 26-44, 60 and 70-74 are now canceled without prejudice. The Applicants respectfully request reconsideration. No new matter has been added.

Miscellaneous Amendments

Claims 26-44 and 70-74 were previously withdrawn as claims to a non-elected invention. Claims 26-44 and 70-74 are now canceled without prejudice.

Claims 17 and 61 have been amended to include the features of claims 16 and 60 (now canceled).

Claims 2-15, 17-25, 46-59 and 61-69 have been amended for purposes of clarity and proper antecedent basis.

Claim Rejections - 35 U.S.C. § 103

The Office Action rejected claims 1, 4, 8, 11, 14-18, 22-25, 45, 48, 52, 55, 58-62, 66-69 as being unpatentable under 35 U.S.C. §103(a) over U.S. Patent Application Publication No. 2002/0023053 ("Szoc") in view of U.S. Patent Application Publication No. 2002/0082967 ("Kaminsky et al").

The Office Action also rejected claims 2, 3, 5-7, 9, 10, 12, 13, 19-21, 46, 47, 49-51 53, 54, 56, 57 and 63-65 as being unpatentable under 35 U.S.C. §103(a) over Szoc in view of Kaminsky et al in further view of U.S. Patent 5,787,402 ("Potter").

Claims 1-15, 17-25, 45-59 and 61-69

Claim 1 as now amended recites an automated method for managing risk associated with providing real-time trading services. Specifically, the method comprises the automated steps of (i) receiving a plurality of dealing price quotes previously provided in response to client requests, each of said plurality of dealing price quotes being an offer from a financial institution to perform a trade in a security or a derivative and having a limited duration for acceptance, the plurality of dealing price quotes comprising expired dealing price quotes and pending dealing price quotes that are not expired; (ii) proactively calculating individual risk exposures to the financial institution resulting from potential trades in securities or derivatives associated with each of said pending dealing price quotes during said respective durations, each of said individual risk exposures being calculated using real time pricing information of a corresponding security or derivative; (iii) calculating a total risk exposure to the financial institution based on said individual risk exposures of said pending dealing price quotes; and (iv) subsequent to calculation of said total risk exposure, adjusting a next dealing price quote being offered in response to a next client request based on said total risk exposure in order to reduce the total risk exposure to the financial institution. Claim 45 as now amended recites similar features. Support for the claim amendments can be found at least in FIG. 7 and the subject specification as originally filed on page 17, line 19 to page 18, line 18. .

Applicants teach that financial institutions provide “clients with dealing quotes the clients can trade on within the quote duration, the financial institution’s risk position at any given time must also account for the risk exposure that would accrue to the financial institution if any clients execute a transaction based on an outstanding dealing quote.” (see the subject specification as originally filed on page 17, line 22 to page 18, line 2).

For example, according to one embodiment as described with respect to FIG. 7, all outstanding dealing quotes are tracked that have yet to expire. Based on real-time pricing information received from spot ticker, the potential risk exposure that may arise if the dealing quotes were traded on by the particular clients is determined. If exposure manager determines that the financial institution is exposed to an unacceptable level of risk based on outstanding dealing quotes and trades that have not been booked into the institution's risk systems, then any number of responsive measures may be taken. For example, a quote engine may be directed to either widen the spread, shorten the duration or shorten the tenor of future price quotes.

(see FIG. 7 and the subject specification as originally filed on page 17, line 19 to page 18, line 18).

Szoc, Kaminsky et al. and Potter, both individually and in combination, fail to teach or suggest at least the steps of, or structure for, “proactively calculating individual risk exposures to the financial institution resulting from potential trades in securities or derivatives associated with each of said pending dealing price quotes during said respective durations,” “calculating a total risk exposure to the financial institution based on said individual risk exposures of said pending dealing price quotes,” and “subsequent to calculation of said total risk exposure, adjusting a next dealing price quote being offered in response to a next client request based on said total risk exposure in order to reduce the total risk exposure to the financial institution” as now recited in claims 1 and 45.

The Office Action acknowledges that Szoc fails to teach or suggest the claimed steps of, or structure for, calculating a total exposure based on the exposures for all of the dealing quotes that have not expired and adjusting future dealing quotes based on the total exposure as recited in claims 1 and 45. However, the Examiner is of the opinion that Kaminsky discloses these features. We respectfully disagree.

Kaminsky et al discuss a reactive method of risk management for real-time trading as opposed to the proactive methods and systems claimed herein. Specifically, Kaminsky et al teach that the risk position of a financial institution is determined solely on the risk exposure attributed to actual trades after such trades have been executed. For example, Kaminsky states that the aggregate risk of a market-maker's recent trades is calculated after each trade and that the aggregate risk can be calculated as one of the following: (i) net delta stock position of all the trades for a specific market-maker or a designated group of market-makers in a given class in a given period of time (see page 7, para. [0087]-[0110]), (ii) net contract volume traded within a specified time (see page 8, para. [0111]-[0113]), (iii) total number of put or call contracts (or deltas) that have been sold or bought within a given time frame within that last N trades (see page 8, para. [0114]-[0115]).

In contrast, the invention as recited in claims 1 and 45 recite steps of, or structure for, proactively calculating individual risk exposures to the financial institution resulting from potential trades in securities or derivatives associated with each of said pending dealing price quotes during said respective durations” and “calculating a total risk exposure to the financial

institution based on said individual risk exposures of said pending dealing price quotes.” As recited in the claims, each of the pending dealing price quotes is an offer from a financial institution to perform a trade in a security or a derivative and having a limited duration for acceptance. Once a dealing price quote is offered to a client, it cannot be modified. By proactively calculating the individual risk exposures and, in turn, a total risk exposure to the financial institution based on potential trades as opposed to actual trades, the claimed invention is able to offset any such risk in advance by adjusting the next dealing price quote offered in response to a next client request.

Potter et al do not teach or suggest any means for managing risk associated with providing real time trade at all. (see discussion of Potter et al in the Background section of the subject specification as originally filed).

For at least these reasons, it is believed claims 1 and 45 are patentable as they are neither taught nor suggested in view of the cited art of record.

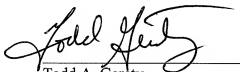
Furthermore, by virtue of at least their dependency to claims 1 and 45 respectively and the additional features recited therein, it is believed that claims 2-15, 17-25, 46-59 and 61-69 are also patentable.

CONCLUSION

In view of the above amendments and remarks, it is believed that claims 1-15, 17-25, 45-59 and 61-69 are in condition for allowance, and it is respectfully requested that the application be passed to issue. If the Examiner feels that a telephone conference would expedite prosecution of this case, the Examiner is invited to call the undersigned.

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Tel. (617) 526-9655
Fax (617) 526-9899



Todd A. Gerety
PTO Reg. 51,729
Attorney for the Applicants
Proskauer Rose LLP
One International Place
Boston, MA 02110